

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**CORRECTED  
FISCAL MEMORANDUM**

**SB 699 – HB 744**

April 21, 2015

**SUMMARY OF ORIGINAL BILL:** Prohibits any person, upon a third or subsequent conviction for DUI, from purchasing alcoholic beverages. Any court in which a conviction for an offender's third or subsequent DUI occurs will be required to forward a copy of the conviction to the Department of Safety. When the department issues a photo ID license or driver license to a person for whom the department has received notice of a third or subsequent conviction for DUI, the department will be required to imprint the person's license with the words "NO ALCOHOL SALES." The cost of issuing the specially designated licenses will be paid by the offenders in the form of an issuance fee that the department will establish by rule.

**CORRECTED FISCAL IMPACT OF ORIGINAL BILL:**

Increase State Revenue – Exceeds \$90,000/One-Time

Increase State Expenditures - Exceeds \$90,000/One-Time

Other Fiscal Impact – The one-time increase in state expenditures will occur in FY15-16; however, the one-time increase in state revenue will be realized over an unknown, extended period of time based on the cost recovery period and fee set by the Department of Safety. Over time, it is anticipated that full one-time costs associated with implementation will be recovered. For example, if the cost recovery period is one year, then the fee would need to be about \$100 per license of affected drivers. If instead the cost recovery period is ten years, then the fee would need to be about \$12 per license of affected drivers.

**SUMMARY OF AMENDMENT (004317):** Deletes and rewrites the bill such that the substantive changes are the addition of the following provisions: (1) mandates all alcohol restrictions must stem from alcohol related offenses; (2) states that alcohol prohibition may be between five and fifteen years on third related offense; (3) establishes criteria a judge must consider when issuing alcohol prohibition; and (4) states alcohol prohibition may be between ten and thirty years on fourth related offense.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

On March 17, 2015, a fiscal memorandum was issued for the amended bill with the following estimated fiscal impact:

*Unchanged from the original fiscal note.*

**SB 699 – HB 744 (CORRECTED)**

Given the fiscal note for the original bill was corrected on April 21, 2015, the fiscal impact for the amended bill has been corrected as follows:

**(CORRECTED)**

**Unchanged from the corrected fiscal note.**

Corrected assumptions for the bill as amended:

- The Alcoholic Beverage Commission confirms this bill will have no fiscal impact on departmental operations.
- Any impact to retail sales of alcohol is considered not significant.
- The County Technical Advisory Service (CTAS) confirms this bill will have no fiscal impact on local operations.
- The Department of Safety (DOS) will incur expenses to develop, manufacture, and issue new license cards with the imprinted words "NO ALCOHOL SALES." Based on information provided by the department, the one-time increase in state expenditures is reasonably estimated to exceed \$90,000.
- DOS will develop a fee structure to cover the cost to develop, manufacture, and issue new license cards with the imprinted words "NO ALCOHOL SALES." Any fee structure adopted by DOS is assumed to cover all costs incurred for system modifications.
- Based on information provided by DOS, an estimated 900 third or subsequent DUI convictions are estimated each year.
- If, by rule, DOS sets a fee to recover the \$90,000 cost over the first year then the additional fee would have to be \$100 per "NO ALCOHOL SALES" license to provide full cost recovery. Assuming further that this fee is \$100 per license, the estimated additional revenue from 900 "NO ALCOHOL SALES" ID cards/driver's licenses is \$90,000 (900 x \$100 per card).
- If, by rule, DOS sets a fee to recover the \$90,000 cost over a (10) year period that additional fee would have to be \$11.85 per "NO ALCOHOL SALES" license to provide full cost recovery at a reasonable 4% cost of capital rate. Assuming further that this fee is rounded up to \$12 per license to simplify those transactions, the estimated additional revenue from 900 "NO ALCOHOL SALES" ID cards/driver's licenses each year is \$10,800 (900 x minimum \$12 per card).
- Over time, all state expenditures associated with the bill are anticipated to be recovered by the additional fee revenue.
- FY15-16 and beyond, DOS's established fee system will offset any expenditures related to the bill.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, reading "Jeffrey L. Spalding". The signature is fluid and cursive, with the first name "Jeffrey" and last name "Spalding" clearly legible.

Jeffrey L. Spalding, Executive Director

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